



**Testimony of**

Ron Busby

**On behalf of the U.S. Black Chambers, Inc.**

to the

U.S. Senate

Committee on Small Business &  
Entrepreneurship

*“Capital Access for Minority Small Businesses:  
COVID-19 Resources for an Equitable and  
Sustainable Recovery”*

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President & CEO  
U.S. Black Chambers, Inc.

Thank you, Chairman Rubio, Ranking Member Cardin, and distinguished Members of the Subcommittee, for the opportunity to share testimony with you today. My name is Ron Busby, and I serve as the President and CEO of the U.S. Black Chambers, Incorporated.

The U.S. Black Chambers (USBC), for the past decade, has been providing committed, visionary leadership and advocacy in the realization of economic empowerment. Through the creation of resources and initiatives, we support African American Chambers of Commerce and business organizations in their work of developing and growing Black enterprises.

As the leading voice of Black business owners in the nation, USBC stands on five pillars of service to foster entrepreneurial growth and wealth creation within the Black community, which includes: 1) Advocacy: the USBC fights for legislation that promotes small business growth, particularly policies that address the challenges of Black business owners; 2) Access to Capital: the USBC works with financial institutions (with a strategic focus on Black-owned institutions) to create avenues through which Black businesses can gain greater access to credit, capital and other financial instruments; 3) Contracting: the USBC educates members on contract opportunities, helping them increase their capacity to vie for large scale contracts, and offering resources and information that enhance Black owners' ability to compete; 4) Entrepreneur Training: the USBC provides quality educational opportunities and professional development resources that help our members manage and grow successful businesses; and 5) Chamber Development: the USBC leverages our role as a national organization to provide technical assistance and leadership training to member chambers, assist with the establishment of new Black chambers, and facilitate the sharing of best practices and industry data among our members.

Decades before the advent of the Coronavirus pandemic, historical discrimination has consistently distorted the advancement of Black America.<sup>1</sup> This discrimination, seeded in structural and systemic racism, continue to plague markets that hurt Black people and their communities today. Unfortunately, the ongoing economic and health crises, sparked by the pandemic, have amplified this archaic trend in disproportionate ways. For example, the Coronavirus-related labor losses have been especially devastating for black America due to historical struggles from higher unemployment rates, lower wages, lower incomes, lack of savings, and significantly higher poverty rates.<sup>2</sup> On the health disparities front, Black Americans still face the brunt of the crisis. COVID-19 related deaths in the Black community are nearly two times greater than our share of the population. Remarkably, the rate is three or more times greater in some states.<sup>3</sup>

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<sup>1</sup> [https://www.brookings.edu/wp-content/uploads/2020/02/2020.02\\_DevOfBizInBlackCommunities\\_Perry-Rothwell-Harshbarger-final.pdf](https://www.brookings.edu/wp-content/uploads/2020/02/2020.02_DevOfBizInBlackCommunities_Perry-Rothwell-Harshbarger-final.pdf)

<sup>2</sup> <https://files.epi.org/pdf/193246.pdf>

<sup>3</sup> <https://www.npr.org/sections/health-shots/2020/05/30/865413079/what-do-coronavirus-racial-disparities-look-like-state-by-state>

Testimony of Ron Busby  
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Notwithstanding these challenges, the exacerbated impacts prove fatal for the nation's small business community. Notably, the onslaught of the Coronavirus-crisis closed over 3.3 million (22 percent) businesses within a two-month period—February to April. In that time, Black firms suffered the greatest damage among any other demographic, as 41 percent of Black businesses were shuttered.<sup>4</sup> This significant decline is the largest on record.

The country's challenges regarding race, discrimination, and equity must be addressed in this auspicious moment. Today's hearing on improving COVID-19 relief resources for minority small businesses is opportune. We, the U.S. Black Chambers, stand hopeful that today's discussion will lead to the creation of equitable and sustainable federal policy that will address our most marginalized and underserved enterprise populations—Black business owners.

Earlier this month, I provided testimony at the House Committee on Financial Services Subcommittee on Diversity and Inclusion's hearing entitled, "Access Denied: Challenges for Women-and Minority-Owned Businesses Accessing Capital and Financial Services." During this hearing, I stated that Black-owned businesses rank among the fastest-growing markets but still grappled significant economic derailment and revenue loss prior to the pandemic, in part, because Black firms are overwhelmingly represented in high-impact industries—like accommodation and food services, personal care and laundry services, healthcare and social assistance, and retail sectors—and, in part, because they were already in a weaker financial position.

While these sentiments remain factually correct, the state of Black enterprise at the onset of the pandemic must, by and large, be attributed to historical impediments that have haunted Black America for centuries. Racial inequality-gaps such as income, health, and housing have widened mainly in the last 30 years. Despite its ubiquitous nature, wealth inequality is cogent among the rest. Ten years ago, whites, on average, had six times the wealth of Blacks. For every \$6.00 whites had in wealth, while the Black community only possessed \$1.00.<sup>5</sup> Notably, this metric has worsened since then. To date, the ratio of white family wealth to Black family wealth is higher than at the start of the century.<sup>6</sup> This gap is the offspring of biased historical and current policies prevalent in all sectors of American life. As a result, the epicenter of today's hearing and this country's spiraling economic downfall is the racial wealth gap.

To begin, the U.S. Black Chambers, Inc. applauds this Committee's recent work to mitigate the pandemic's economic shock on small businesses. The passage of the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* and its subsequent relief legislation have deployed over \$518 billion to the small businesses community through the signature Paycheck Protection Program (PPP). Likewise, the *CARES Act* has provided nearly \$140 billion to businesses through the Small Business Administration's (SBA's) Economic Injury Disaster Loan (EIDL) Program.<sup>7</sup> We

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<sup>4</sup> <https://siepr.stanford.edu/sites/default/files/publications/20-022.pdf>

<sup>5</sup> <http://www.urban.org/sites/default/files/publication/24491/904611-closing-the-wealth-gap-empowering-minority-owned-businesses-to-reach-their-full-potential-for-growth-and-job-creation.pdf>

<sup>6</sup> <https://www.brookings.edu/blog/up-front/2020/02/27/examining-the-black-white-wealth-gap/>

<sup>7</sup> <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

Testimony of Ron Busby  
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appreciate Chairman Rubio, Ranking Member Cardin, and this Committee for rightfully prioritizing Black businesses, among other underserved markets.

While these altruistic efforts have proven beneficial, Black business owners went largely underserved by federal relief programs. In early May, the SBA's Inspector General released a report on the agency's implementation of the PPP requirements. The report found that the Trump administration was unsuccessful at prioritizing underserved and rural markets.<sup>8</sup> In the time since, the Department of Treasury and the SBA have been worked to correct the structural barriers within the programs. Despite regulatory actions, the case for Black businesses still stands—Black-owned firms continue to be overlooked and underserved in all federal relief measures across the board.

Several weeks ago, the Trump Administration released long-awaited public records concerning the \$660billion Paycheck Protection Program. Amid the report, the case of structural discrimination against Black business owners remains prevalent. In the program's more than 650,000 loans made above \$150,000 to small businesses, only 143 Black-owned companies received a forgivable loan.<sup>9</sup> Fortunately, the U.S. Black Chambers is working to address present disparities within the Black community by creating resources and funding that bridges the exacerbated lapse in federal policy.

To jumpstart recovery, our organization recently launched the *Actions for Economic Equity* initiative to provide sustainable economic recommendations for public policymakers, corporate and private sectors, and the broader community. As such, this plan will bolster support and engagement in Black America. Furthermore, the U.S. Black Chambers, Inc. has rolled out a transformative initiative entitled the "By Black Platform," which mobilizes and promotes millions of Black-owned businesses in one location. This platform, powered by USBC's national network of local Chambers, aims to provide grassroots support to the most vulnerable areas within our business community. Leaving no stone unturned, USBC is forging ahead with industry-leading technology partners to announce a Black business certification program for corporate America. Through this program, we will put the corporate and government sectors' rhetoric to the test. These are just a few actions that USBC is taking to ensure that our community weathers this racially isolated pandemic.

As we mitigate the challenges within our community, we welcome federal legislation that will bolster—not overlook—Black America and close the expanding racial wealth gap. We urge this Committee to pass the House's *Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act* as it resolves many of the structural barriers that the Black business market currently faces. In particular, the legislation extends the PPP loan application period to December 31, 2020, provides a set-aside for smaller firms with fewer than ten employees,

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<sup>8</sup> [https://www.sba.gov/sites/default/files/2020-05/SBA\\_OIG\\_Report\\_20-14\\_508.pdf](https://www.sba.gov/sites/default/files/2020-05/SBA_OIG_Report_20-14_508.pdf)

<sup>9</sup> <https://gem.godaddy.com/p/e4bef01?pact=4575-159137878-12776123429-77f3a788d1199d792e91021b27436dc474aaf4fd>

Testimony of Ron Busby  
President & CEO  
U.S. Black Chambers, Inc.

Community Development Financial Institutions (CDFIs), and Minority Development Institutions (MDIs), establishes technical assistance grants for small community financial institutions and small depository institutions and provides federal guarantees for COVID-19 loans.<sup>10</sup> These provisions, among others, must be incorporated into the forthcoming economic relief bill.

During the June 10 Senate Small Business Committee hearing, Treasury Secretary Steve Mnuchin announced that the federal government would need a far more targeted approach in deploying future small business relief. Similarly, we believe that Congress must multiply their initial efforts to safeguard Black enterprise in the days and weeks ahead to alleviate further damage and save a generation of Black and Women-owned enterprises.

As the number of Coronavirus cases continues to grow by the thousands and more Black lives and Black-owned businesses succumb to the pandemic, the likelihood of an economic rebound of Black America is highly improbable. Our country cannot afford –literally –to enact policies in the next economic relief package that are not tailored to the needs of these underserved entrepreneurs.

To that end, the U.S. Black Chambers, Inc. calls on Congress to address the structural barriers that consistently avert wealth-building opportunities from the Black community. Policymakers must implement equitable solutions that will provide Black entrepreneurs and small business owners with capital resources and technical assistance to overcome the hurdles of racial disparities and systemic discrimination. These legislative solutions should:

**Provide immediate support to traditionally underserved markets**

While the PPP and EIDL programs have aided the broader small business community, historically underserved borrowers, specifically Black borrowers, have overlooked private lenders and government agencies. These federal relief programs are structured to favor well-connected and credit-worthy participants— altogether challenges for Black firms.

Despite the previous efforts on behalf of lawmakers to bridge the equity-gap by setting aside resources for mission-based lenders, many underserved firms still went unserved. As such, these policy-measures are merely patches to the more massive laceration of equity-gap and wealth-inequality

To mitigate these issues, we urge lawmakers to pass targeted legislation that will provide Black enterprises, among other underserved groups, with additional appropriations to withstand the current crisis. The next legislative package must: 1) provide additional set-asides for mission-based lenders; 2) create widespread loan forgiveness on PPP loans made under \$150,000; 3) prioritize liquidity for sole-proprietorships and firms with ten (10) or fewer employees; 4) create a small business local relief program to provide local communities with recourses to aid

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<sup>10</sup> [https://smallbusiness.house.gov/uploadedfiles/heroes\\_act\\_section\\_summary.pdf](https://smallbusiness.house.gov/uploadedfiles/heroes_act_section_summary.pdf)

Testimony of Ron Busby  
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businesses as mentioned in the *Recharge and Empower Local Innovation and Entrepreneurs Fund (RELIEF) for Main Street Act*.<sup>11</sup> and 5) allow distressed PPP loan borrowers to receive a second loan as mentioned in the *Prioritized Paycheck Protection Program (P4) Act*.<sup>12</sup>

### **Implement structural changes within the SBA**

Each year, the SBA's core programs assist millions of small business owners and entrepreneurs with the opportunity to seed and scale their ventures through access to capital solutions and technical assistance support, among others. By and large, the 7(a) Community Advantage, 504, Microloans, and Disaster loans prove helpful to the Black entrappers seeking to start their businesses.

Nevertheless, to ensure that these programs continue to benefit vulnerable populations, Congress must provide concrete resources to regulatory avenues. We urge legislators to modify the mentioned programs to improve alignment with federal relief efforts such as waiving 7(a) and 504 loan fees, expanding the liquidity availability of all programs, and providing program borrowers and lenders with less-restrictive repayment rules amid the ongoing economic recession. We endorse the policy solutions related to SBA loan programs presented in the *Equity in COVID-19 Recovery Act of 2020*.<sup>13</sup>

### **Expand the reach of the MBDA at the Department of Commerce**

Since its creation nearly 50 years ago, the Minority Business Development Administration (MBDA) at the Department of Commerce has supported Minority Business Enterprises (MBEs) the growth of Black-owned firms in this nation. Through the MBDA, the federal government has provided necessary resources for Black enterprises to expand the reach of their business and improve performance patterns. In return, Black companies have created millions of jobs and contributed billions to the nation's economy.<sup>14</sup>

We urge Congress to pass legislation that will formally codify the MBDA into law, implement a certification program for Black businesses, increase the agency's appropriations to help Black enterprises during post-pandemic recovery, create entrepreneurial pipelines at historically Black colleges and universities (HBCUs), and expand the reach of the agency by establishing regional entities nationwide.

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[https://www.booker.senate.gov/imo/media/doc/RELIEF%20for%20Main%20Street%20Act%20two%20pa ger\\_FINAL.pdf](https://www.booker.senate.gov/imo/media/doc/RELIEF%20for%20Main%20Street%20Act%20two%20pa ger_FINAL.pdf)

12 <https://www.sbc.senate.gov/public/index.cfm/2020/6/cardin-coons-shaheen-introduce-legislation-to-get-capital-to-small-businesses-hardest-hit-by-covid-19>

13 [https://www.sbc.senate.gov/public/\\_cache/files/9/0/90135abe-b624-478e-b638-4e3b4fd1dc67/B5DC0FBD2B8E5B404CAFBB855F9F51CE.-final-equity-in-covid-19-recovery-act-white-paper.pdf](https://www.sbc.senate.gov/public/_cache/files/9/0/90135abe-b624-478e-b638-4e3b4fd1dc67/B5DC0FBD2B8E5B404CAFBB855F9F51CE.-final-equity-in-covid-19-recovery-act-white-paper.pdf)

14 <https://www.mbda.gov/sites/mbda.gov/files/migrated/files-attachments/DisparitiesinCapitalAccessReport.pdf>

Testimony of Ron Busby  
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U.S. Black Chambers, Inc.

Moreover, these legislative actions must include the formation of an interagency council within the administration to track the creation and performance of Black markets in the coming years. As we know, private sector markets tend to be inherently inequitable. The creation of a federal entity that tracks discriminatory trends within the small business ecosystem will bolster the number of Black enterprises, produce generational wealth, and in return, close the racial wealth gap.

Lastly, the U.S. Black Chambers, Inc. endorses *the Minority Business Resiliency Act of 2020*.<sup>15</sup> Congress must work to swiftly pass this legislation as it is slated to implement several of the aforementioned recommendations.

### **Provide additional support for Black contractors**

As noted, the SBA's 8(a) Business Development Program has been an essential tool to incubate partnerships between Black-owned businesses and Government entities. While this program is widely successful, the program's integrity must be protected to ensure that it continues to benefit Black-owned businesses. As it stands, there is little data to show that Black firms are still benefiting from this critical program.

The 8(a) program must include a data tracking mechanism so that Black businesses aren't overlooked among other participating markets. Likewise, we call on lawmakers to reform the program's structure to prioritize Black firms between FY 2021 and 2026. This timeline will provide an unprecedented increase in Black contracts and spark a new avenue of wealth-accumulation for Black entrepreneurs.

### **Reauthorize the Prompt Payment Initiative**

The "QuickPay" Initiative, launched under the Obama Administration, required all federal agencies to expedite payments to small business contractors with the goal of paying within 15 days. This cut in half the time it took for small contractors working with the federal government to get paid. This expediency is essential to small businesses, as delay in payments can cause uncertainty, closure, or the need to take out a short-term bridge loan to keep the doors open while awaiting payment. It is arguably even more critical during this crisis, given the disproportionate impact that underserved markets face. Legislators must ensure that the QuickPay measure is included in all forthcoming FY2021 appropriation packages.

Among many others, these critical proposals are featured in our Actions for Equity proposal and 2020 BLACKprint agenda. In both inactivates, we aim to provide concrete solutions for policymakers to safeguard the Black business community in the weeks, months, and years ahead. Please visit our website at [www.usblackchambers.org](http://www.usblackchambers.org) to learn more about our bipartisan solutions.

### **Conclusion**

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<sup>15</sup> <https://www.sbc.senate.gov/public/index.cfm/2020/7/cardin-cantwell-schumer-booker-cortez-masto-harris-introduce-legislation-to-invest-in-minority-owned-businesses>

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The U.S. Black Chambers, Inc. remains appreciative of this Committee's attention to equity and access on behalf of the nation's nearly 3 million Black-owned businesses. Despite the current state of Black-owned firms and the challenges that persist, swift Congressional action rooted in equitable intention will mitigate the bleeding of Black America and set us on the road to true economic justice and wealth-accumulation. USBC is thankful for the ability to provide testimony, and we look forward to answering any questions.